



**Department of Justice
U.S. Attorney's Office
Southern District of Texas**

Donald J. DeGabrielle, Jr. • United States Attorney

FOR IMMEDIATE RELEASE

MAY 9, 2006

WWW.USDOJ.GOV/USAO/TXS

JOHN YEMBRICK

PUBLIC INFORMATION OFFICE

(713) 567-9388

TWO PLEAD GUILTY IN CONTRACT BRIBERY SCHEME

LAREDO, TX – Jose Luis Vasquez, 31, the former Maintenance Supervisor at Border Region Mental Health Mental Retardation Community Center (Border Region MHMR), and Jose Manuel Valdez, 37, a co-owner of Klymat Air Conditioning & Refrigeration Systems, Inc. (Klymat), pleaded guilty to giving and receiving of bribes to an agent of an organization receiving in excess of \$10,000 annually in federal funds. At a hearing today before United States Magistrate Judge Adriana Arce, Vasquez and Valdez pleaded guilty to their roles in the bribery scheme. The men were indicted in January 2006. Judge Arce is expected to make a recommendation to United States District Judge Micaela Alvaraz to accept the guilty pleas of both men. Once accepted, the men face a maximum penalty of 10 years in prison and a \$250,000 fine at a sentencing hearing before the District Judge in September 2006. Both men have been permitted to remain free on bond pending sentencing.

At today's hearing, the United States presented evidence that showed that in 2002, the Federal Bureau of Investigation (FBI) was notified by the Border Region MHMR in Laredo, Texas, that the agency suspected their employee, Jose Luis Vasquez, was receiving money from a local contractor in exchange for awarding agency air conditioning service and repair contracts to that contractor. Vasquez was a Maintenance Supervisor at Border Region MHMR and had extensive experience in the maintenance and repair of heating and air conditioning systems. Because of that experience, Border Region MHMR relied heavily on Vasquez to ensure that the agency's heating and air conditioning systems remained operational. During the course of his duties, Vasquez routinely awarded contracts for emergency repairs to the heating and cooling systems.

Evidence gathered during the FBI's investigation proved that from March 2002 to October 2002, Vasquez received 11 payments from Klymat. During that same time period, Klymat was repeatedly awarded contracts to repair heating and cooling systems at Border Region MHMR. Those eleven payments were all made by check, and totaled \$18,565 over the seven-month period. One check, dated June 12, 2002, was in the amount of \$7,350. All of the checks to Vasquez were signed by Jose Manuel Valdez, co-owner of Klymat, with the "memo" line of most checks containing notations such as "refund" and "extra." When contacted by the FBI regarding the suspicious payments to Vasquez, Valdez admitted that he had been paying Vasquez money in order to obtain contracts to do repair work at Border Region MHMR. According to Valdez, he and Vasquez had previously worked together at a different air conditioning company in Laredo, but Valdez left to start his own business and Vasquez left to

work for Border Region MHMR. Valdez reported that Vasquez subsequently approached Klymat and offered to steer contracts for air conditioning service and repair to Valdez' company in exchange for money, or kickbacks. Valdez stated that each of the eleven payments from Klymat to Vasquez was made in exchange for a specific air conditioning installation, service, or repair contract.

According to Valdez, the scheme was as follows: When heating or air conditioning work was needed at Border Region MHMR, Vasquez would call Klymat and identify what work needed to be done. Vasquez would also tell Klymat how much money he expected to receive in exchange for awarding the contract to Klymat. Once Klymat performed the repair it would then bill Border Region MHMR for the work, including Vasquez' fee in the amount charged to Border Region MHMR. As soon as Border Region MHMR paid Klymat, Valdez would cut a check to Vasquez for the amount of Vasquez' fee. Valdez further stated his understanding that if Valdez did not pay Vasquez, Klymat would not receive contracts for work at Border Region MHMR.

Border Region MHMR is a government, organization, or agency that received in excess of \$10,000 in annual funding under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance. Additionally, at all times relevant, Vasquez was employed by Border Region MHMR in a supervisory capacity, and as such was an agent of Border Region MHMR. In the course of his duties, Vasquez acted on behalf of Border Region MHMR in awarding contracts for certain repairs to Border Region MHMR's extensive heating and cooling systems.

The case was investigated by agents of the Federal Bureau of Investigation, and is being prosecuted by Assistant United States Attorney Matt Rinka.

#